

Message Text

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SUBJECT: JORDAN FERTILIZER INDUSTRY COMPANY, LTD.

REF: 75 AMMAN 2171, STATE 186936

1. TOTAL COST OF FERTILIZER PRODUCTION FACILITY AND RELATED INFRASTRUCTURE TO BE BUILT BY JORDAN FERTILIZER INDUSTRY COMPANY, LTD. (JFIC) AT AQABA NOW ESTIMATED AT \$250-300 MILLION. MAIN PRODUCTION UNITS, I.E. SULPHURIC ACID PLANT, PHOSPHORIC ACID PLANT, AND GRANULATION UNIT ARE EACH EXPECTED TO COST \$40-50 MILLION. EQUITY PARTICIPATION IN JFIC REMAINS AS REPORTED IN AMMAN REFTTEL, BOTH IN TOTAL AMOUNT AND RELATIVE SHARES OF EQUITY PARTNERS. GOJ PARTNER, HOWEVER, WANTS TO MAINTAIN ORIGINAL DEBT/EQUITY RELATIONSHIP OF APPROXIMATELY 60 PERCENT DEBT AND 40 PERCENT EQUITY AND HOPES TO RAISE ADDITIONAL EQUITY FROM PRESENT PARTNERS. RELATIVE SHARES OF EQUITY AMONG PARTNERS ARE TO REMAIN AS AT PRESENT. PRODUCTION OF PHOSPHATE FERTILIZER IS SCHEDULED TO BEGIN IN 1979, LEADING TO ANNUAL PRODUCTION LEVEL OF 600,000 TONS, UTILIZING LOCAL PHOSPHATE ROCK.

2. ORIGINAL BID DEADLINE OF FEBRUARY 7, 1976 FOR SUBMISSION OF BIDS FOR ENGINEERING AND CONSTRUCTION CONTRACT WAS EXTENDED TO APRIL 7 AT WHICH TIME DAVY POWERGAS OF LAKELAND, FLORIDA AND SPIE BATIGNOLLES OF FRANCE WERE SELECTED FOR ADDITIONAL DISCUSSIONS WITH JFIC. ON JULY 5 BOARD OF JFIC (CONSISTING OF TWO AGRICO REPRESENTATIVES, JFIC ACTING GENERAL MANAGER AND ONE REPRESENTATIVE FROM EACH OF MINISTRY OF FINANCE, JORDAN PHOSPHATE MINES COMPANY (90-0/0

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GOJ OWNED) AND NATIONAL PLANNING COUNCIL) MADE FINAL SELECTION OF

SPIE BATIGNOLLES AS ENGINEERING AND CONSTRUCTION CONTRACTOR.
AGRICO REPRESENTATIVES ARE NOW IN FRANCE ENGAGED IN FINAL NEGOTIATION
S
WITH SPIE, INCLUDING LARGE AMOUNT OF REIMBURSABLE COSTS INCLUDED
IN SPIE PROPOSAL. THESE NEGOTIATIONS NOW EXPECTED TO BE COMPLETE
WITHIN COMING WEEK, AT WHICH TIME LIMITED LIABILITY CONTRACT FOR
ABOUT SIX MONTHS IS EXPECTED. IFC DELEGATION IS ALSO EXPECTED TO
ARRIVE IN AMMAN WITHIN COMING WEEK TO DISCUSS IFC PARTICIPATION IN
FERTILIZER PROJECT.

3. AT THIS TIME JFIC BOARD APPEARS REASONABLY CONFIDENT THAT COMBINAT
ION
OF IFC, ARAB GOVERNMENTS, AND MULT-NATIONAL ARAB FUND WILL PROVIDE
SUFFICIENT LOAN CAPITAL TO FINANCE PROJECT. HOWEVER, CHAIRMAN
OF JFIC BOARD, DR HANNA ODEH, WHO IS ALSO PRESIDENT OF JORDAN'S
NATIONAL PLANNING COUNCIL, TOOK OPPORTUNITY OF RECENT VISIT OF OPIC
INVESTMENT OFFICER, BURTON L. BOSTWICK, TO AMMAN TO RE-FAMILIARIZE
HIMSELF WITH OPIC FINANCIAL PROGRAM. (AGRICO SHARE OF JFIC
EQUITY IS INSURED BY OPIC.)
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